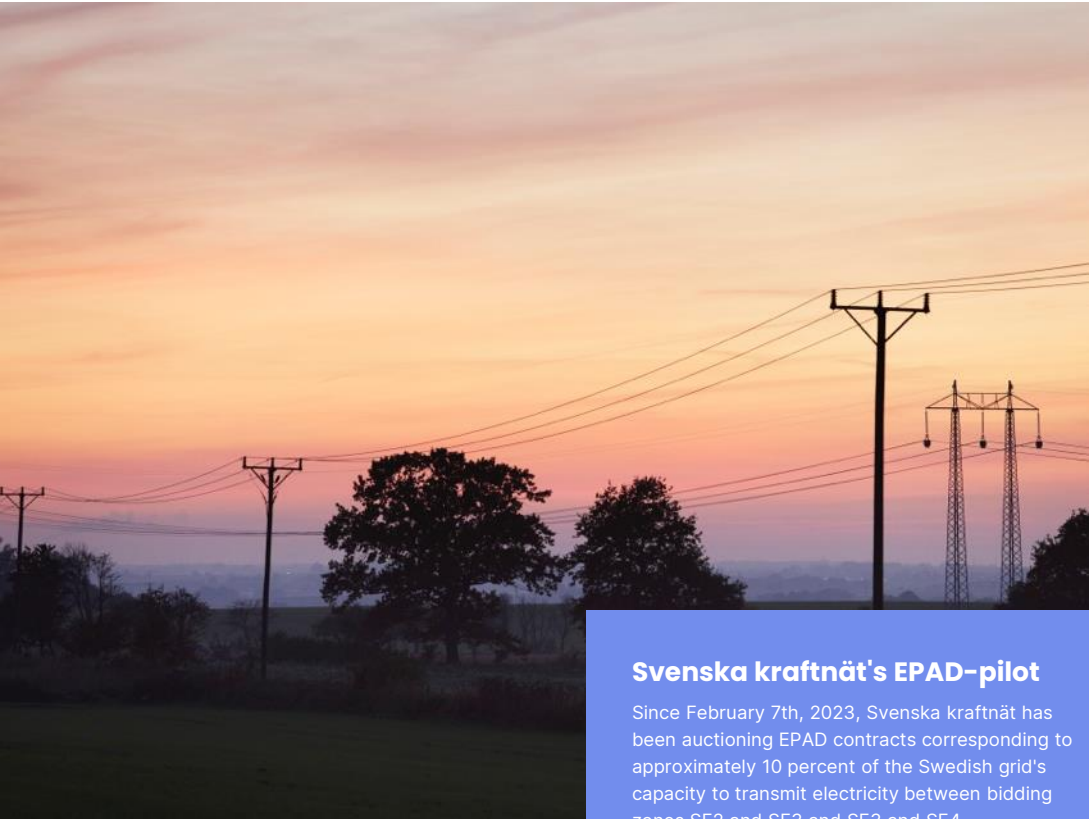


SVENSKA KRAFTNÄT

# Quarterly Summary

- Svenska kraftnät's auctioning of  
EPADs for improved hedging  
opportunities

Third quarter 2024



### **Svenska kraftnät's EPAD-pilot**

Since February 7th, 2023, Svenska kraftnät has been auctioning EPAD contracts corresponding to approximately 10 percent of the Swedish grid's capacity to transmit electricity between bidding zones SE2 and SE3 and SE3 and SE4.

## **QUARTERLY SUMMARY, Q3 2024**

# **About the auctions**

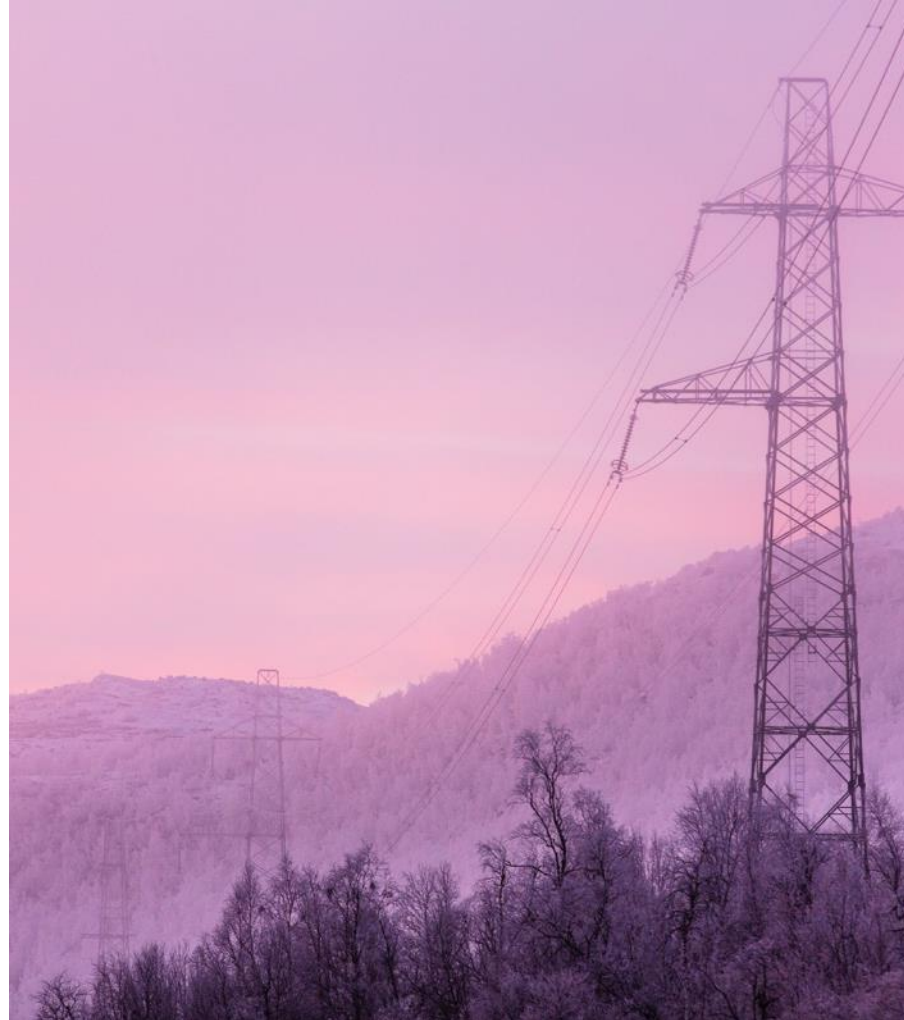
- Svenska kraftnät is conducting regular auctions of EPAD contracts for the bidding zones SE2, SE3 and SE4.
- The aim is to contribute to improved hedging opportunities for market participants.
- In total, four auctions were conducted during the third quarter with the first auction held on the 13th of August.

# Stable prices and high participation average

The quarter was characterized by stable prices for EPAD contracts, low volatility for the annual contracts and marginal price divergence between the bidding zones SE2 and SE4.

Turnover in continuous trading increased in SE2 and SE3, but decreased in SE4.

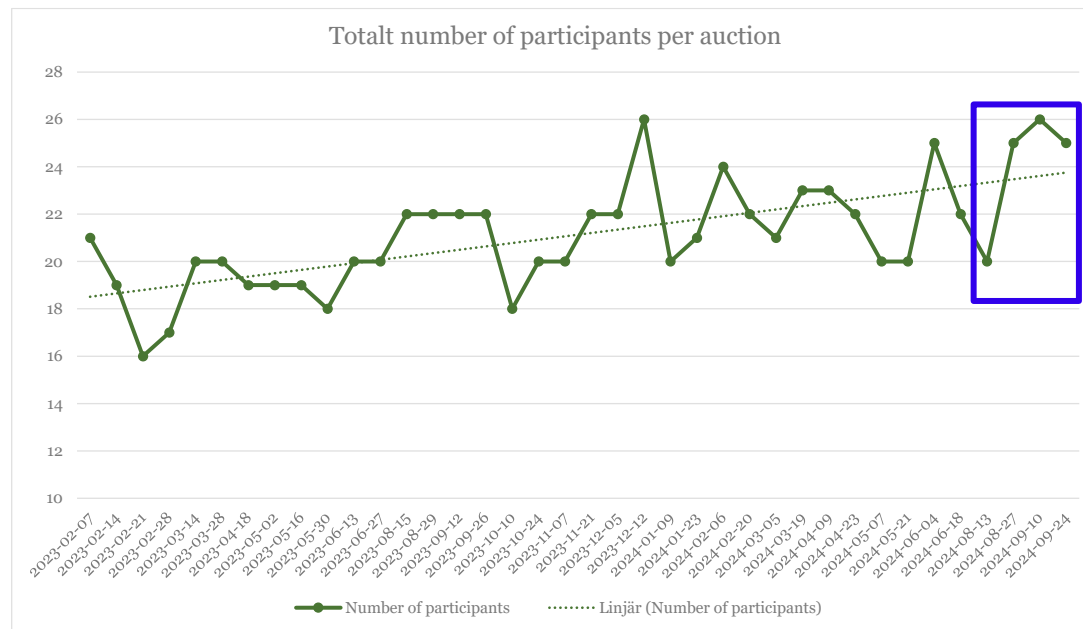
The auctions were characterised by continued good price formation and showed the highest participation average per quarter since the start of the project.



# Auction participation

# Highest participation on average

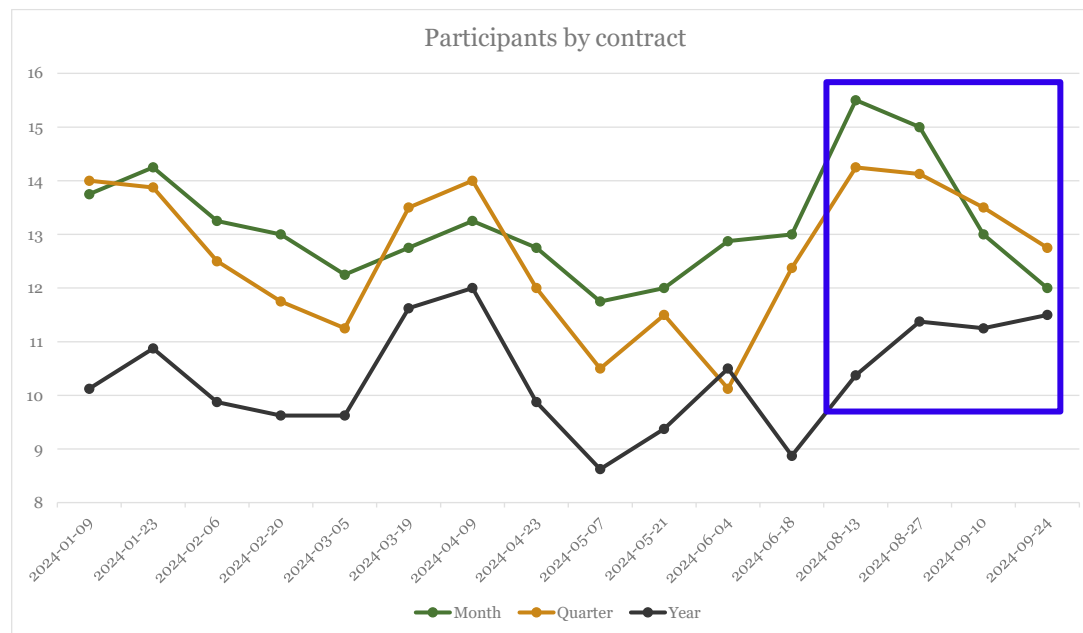
- Auction participation continues to show a clear positive trend.
- On average, 24 participants took part in each auction in the third quarter, which is the highest average participation per quarter since the start.



Total number of participants per auction event (February 2023 - September 2024).

# Participation by type of contract

- On average the quarterly contracts showed (albeit marginally) the greatest participant interest, in contrast with the previous quarter, where the monthly contracts showed the highest participant interest.
- As in the previous quarter, calendar year contracts exhibited the lowest number of participants.

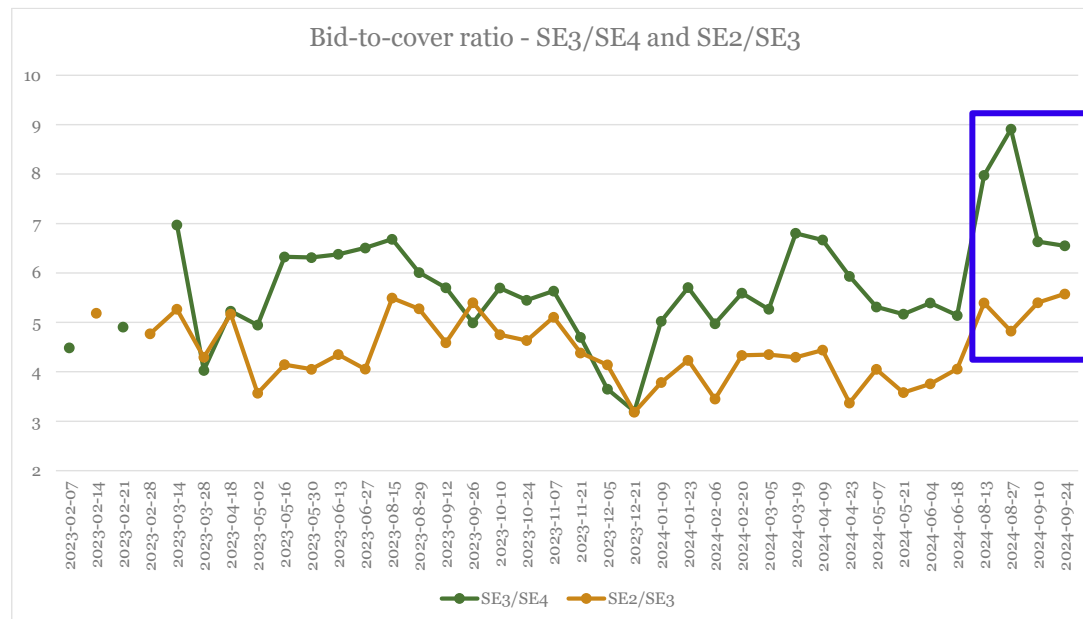


Average number of participants during 2024 per auction event broken down into monthly, quarterly and calendar year contracts.

# Price formation

# Bid-to-cover ratio

- Bid-to-cover ratios increased during the third quarter compared with the previous quarter.
- The bid-to-cover ratio presented is not calculated or based on the total order volume, but adjusted in relation to the auction conditions.\*



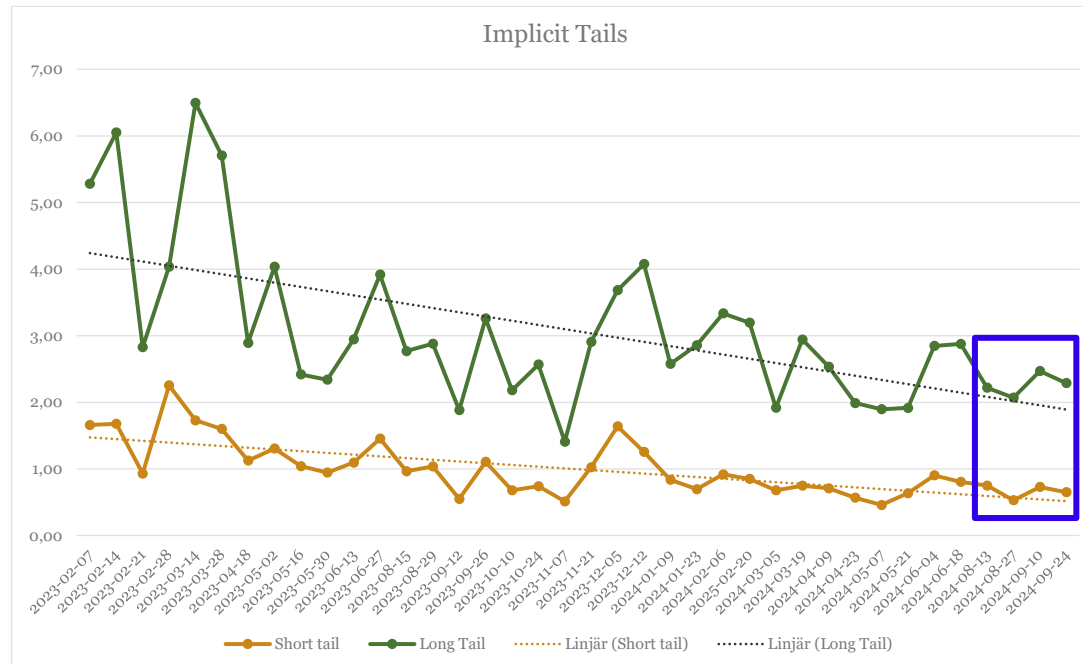
\*<https://www.svk.se/press-och-nyheter/nyheter/elmarknad-allmant/2024/svenska-kraftnat-publicerar-helarsuppfoljning-av-epad-auktioner>

Bid-to-cover ratios in relation to the individual auctions to which the allocation conditions apply, which are the same as the bidding zone borders SE2/SE3 and SE3/SE4 for the respective auction event (the dots on the lines) in February 2023 - September 2024.



# Implicit tails

- The tails serve as a measure of price formation. The shorter the tail the better the auction.
- The third quarter was characterized by satisfactory price formation.
- Read more about tails in the full-year report.\*

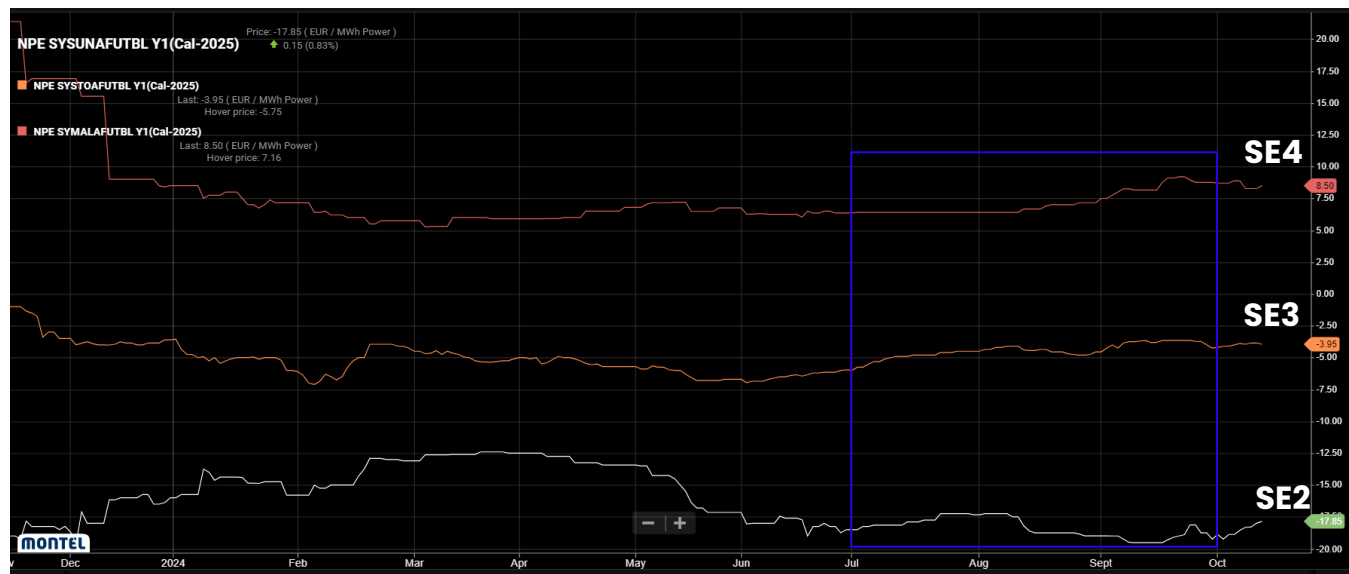


\*<https://www.svk.se/en/about-us/news/news/svenska-kraftnat-publishes-full-year-follow-up-of-epad-auctions/>

Average implicit short and long tails per auction occasion. The linear trend lines for short and long tails (dotted lines) in the figure show the overall trends in tails over February 2023 - September 2024 expressed in EUR.

# Market trends for EPADs

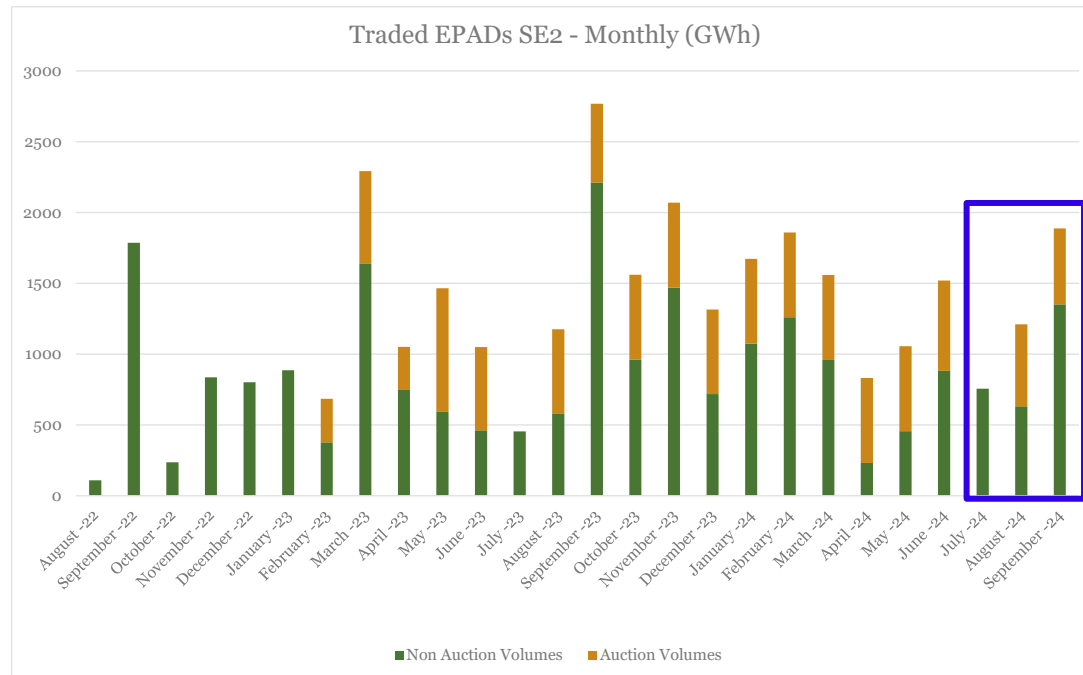
- The third quarter for calendar year contracts was characterized by stability and a marginal price divergence between SE2 and SE4, primarily driven by slightly higher prices in the SE4 contract.
- *Source: Montel*



# Activity and trading in the continuous EPAD market

# Turnover SE2 (Sundsvall)

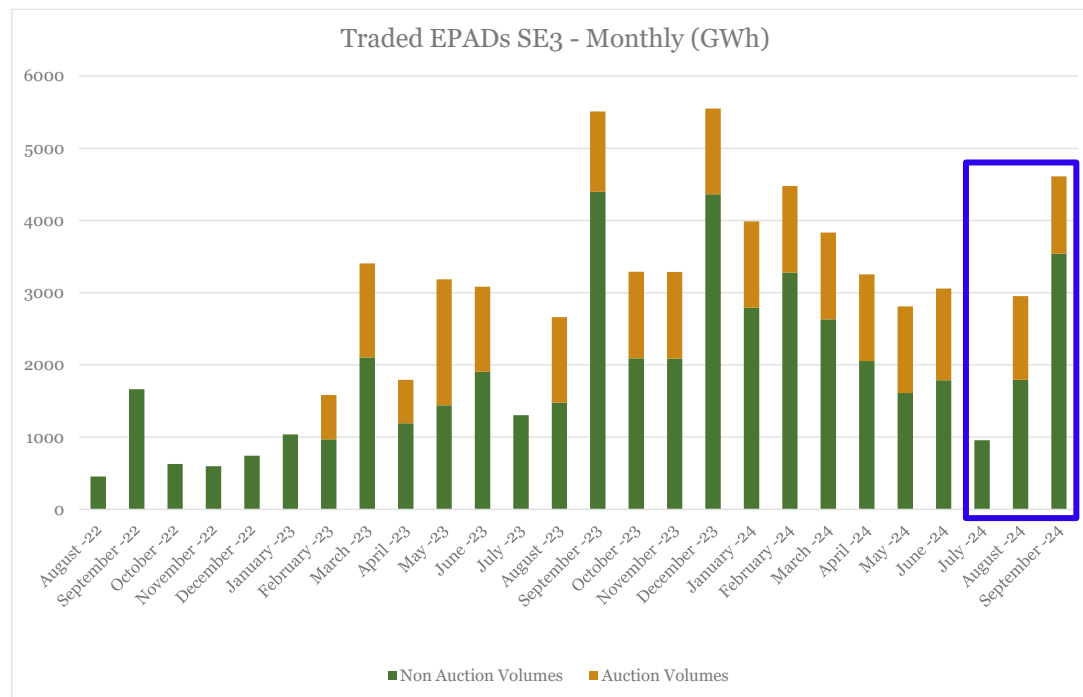
- Continuous trading increased by around 75% in the third quarter compared to the previous quarter.
- Auction volumes as a share of total turnover decreased to around 29% in the third quarter (54% in Q2 2024).



Turnover (GWh) of EPADs for SE2 per month (August 2022 - September 2024).

# Turnover SE3 (Stockholm)

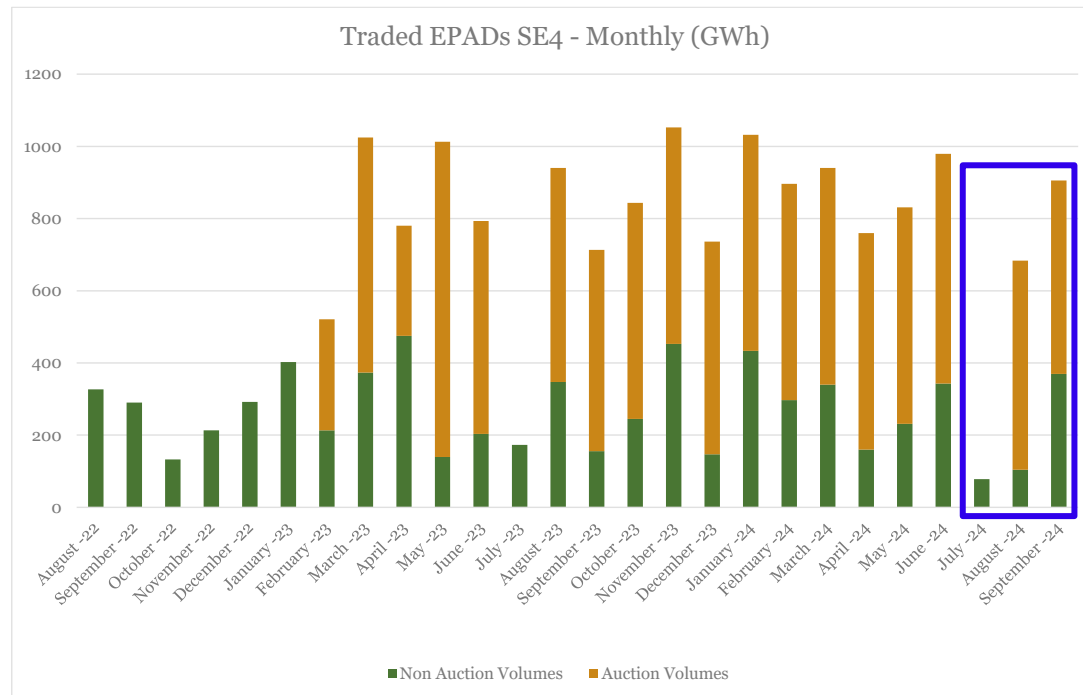
- Continuous trading in the third quarter increased by around 15% compared to the previous quarter.
- Auction volumes as a share of total turnover decreased to around 26% of total turnover in the third quarter (40% in Q2 2024).



Turnover (GWh) of EPADs for SE3 per month (August 2022 - September 2024).

# Turnover SE4 (Malmö)

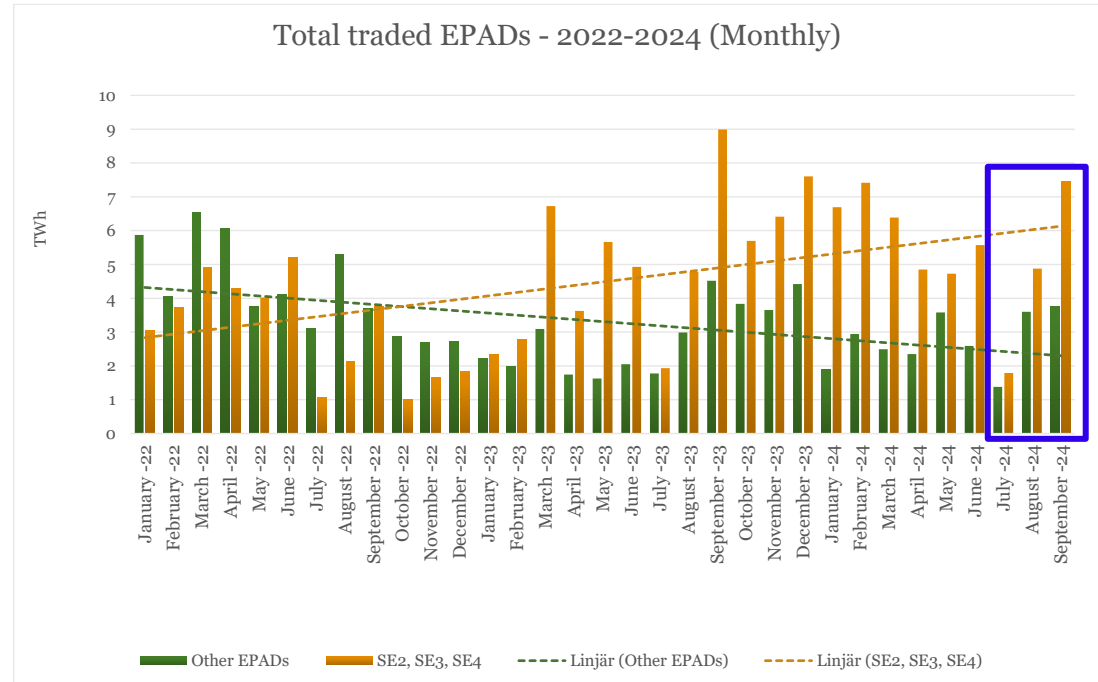
- Continuous trading decreased by around 25% in the third quarter compared to the previous quarter.
- Auction volumes accounted for around 67% of total turnover in the third quarter (71% in Q2 2024).



Turnover (GWh) of EPADs for SE4 per month (August 2022 - September 2024).

# Total trading for SE2, SE3 and SE4 EPADs compared to other EPAD contracts

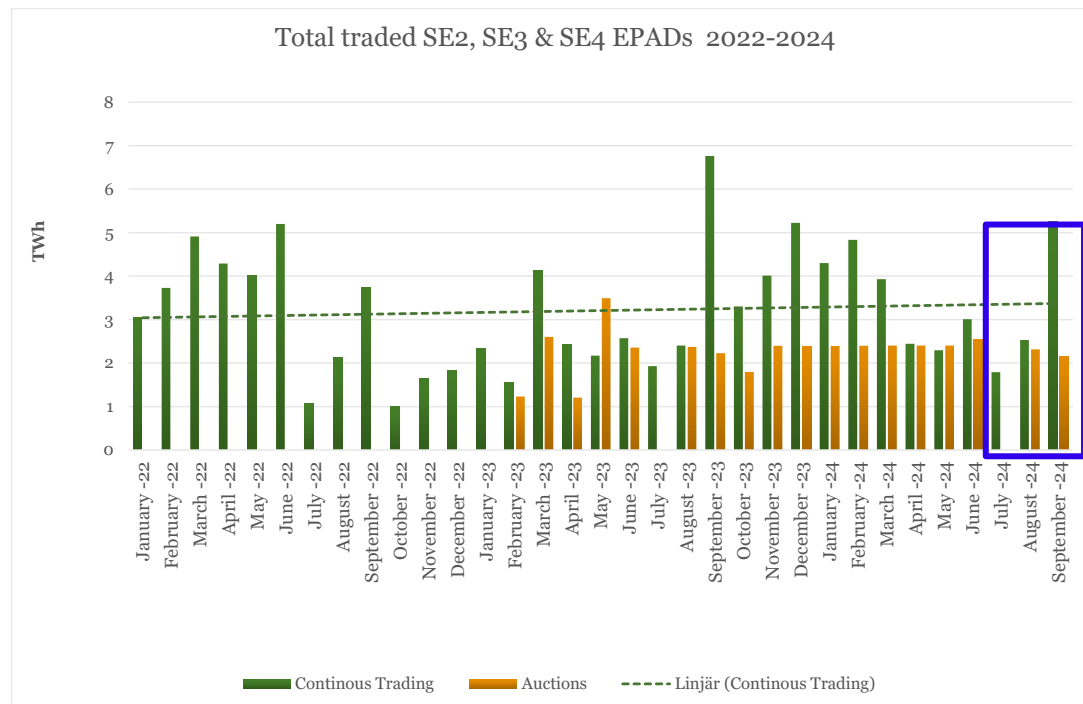
- The EPADs issued through Svenska kraftnät's auctions have on average accounted for 62% of total turnover in the third quarter, which is 2% less than in the previous quarter.



Total turnover (TWh) for SE2, SE3 and SE4 compared to other EPAD contracts (January 2022 - September 2024).

# Total turnover of SE2, SE3 and SE4

- The positive trend in continuous trading had a weak start in the third quarter, but finished strongly as total turnover increased significantly during September.
- Auction volumes as a share of total turnover averaged around 32% in the third quarter 2024. The corresponding figure for the entire pilot period was 38%.



Total turnover (TWh) of EPADs (SE2, SE3 and SE4) in continuous trading and auction volumes respectively (January 2022 - September 2024).